



STATE OF WASHINGTON

**LAW ENFORCEMENT OFFICERS' AND FIRE FIGHTERS'
PLAN 2 RETIREMENT BOARD**

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REGULAR BOARD MEETING

October 27, 2004

The Law Enforcement Officers' and Fire Fighters' (LEOFF) Plan 2 Retirement Board met in the Boardroom of the Washington State Investment Board located at 2100 Evergreen Park Drive S.W., Olympia, Washington on October 27, 2004.

Board Members Present:

Kelly Fox, Chair
Jack Simington, Vice Chair
Pat Hepler
Mark Johnston
David Moseley
Senator Linda Evans Parlette
Doug Pendergrass
Doug Cochran
Michael Edwards
Maureen Morris

Staff Present:

Steve Nelsen, Executive Director
Jessica Burkhart, Executive Assistant
Jeralyn Faulhaber, Administrative Services Manager
Tim Valencia, Senior Research Policy Manager
Suzanne Shaw, AAG

Board Members Not Present:

Representative Geoff Simpson

Kelly Fox, Chair, called the meeting of the Law Enforcement Officers' and Fire Fighters' Plan 2 Retirement Board to order at 9:44 a.m.

1) September 22, 2004 Board Meeting Minutes

It was moved that the September 22, 2004 Board meeting minutes be adopted as presented. Seconded. Senator Parlette requested that reasons for opposition votes be recorded.

MOTION CARRIED UNANIMOUSLY

2) Adequacy of Benefits – Initial Consideration

Tim Valencia, Senior Research and Policy Manager, presented a report on the topic of “*Adequacy of Benefits*”. Mr. Valencia’s report outlined how LEOFF Plan 2 meets the income needs of a LEOFF Plan 2 retiree.

3) Board Authority Regarding Plan Membership Issues

Steve Nelsen, Executive Director, led a follow-up discussion from the September 22, 2004 Board meeting concerning inclusion of King County Medic One Paramedics into LEOFF Plan 2.

The Board broke into Executive Session at 10:37 a.m. to discuss this issue further.

Kelly Fox reconvened the meeting at 11:14 a.m. and stated that based on the advice from Suzanne Shaw, Assistant Attorney General, the Board determined that Initiative 790 does not provide the Board authority to propose legislation to include King County Medic One Paramedics into LEOFF Plan 2.

Notification of the Board’s decision will be sent to King County Medic One.

4) Administrative Committee Membership Issues

Steve Nelsen presented the Board with sample operating policies from the Washington State Investment Board and the Select Committee on Pension Policy.

The Board agreed to define the roles and responsibilities of the Administrative Committee at an upcoming Board meeting and asked staff to prepare recommendations.

5) Post-LEOFF Employment – Preliminary Follow-Up

Steve Nelsen discussed the topic of “Post-LEOFF Employment” by reviewing the August 25, 2004 Preliminary Report. He also discussed the costs associated with the three proposed LEOFF employment options which were reviewed by the Office of the State Actuary (OSA). The OSA determined that Option 1 would not be sufficient to impact rates. Option 2 would result in a total increase in the contribution rate of 0.08%; 0.04% by the member, 0.03% by the employer and 0.01% by the State.

It was moved that the Board move Option 1 forward to the Final Proposal stage for the December Board meeting. Seconded.

MOTION CARRIED UNANIMOUSLY

6) 2005 Board Meeting Schedule

Mr. Nelsen provided the 2005 proposed Board Meeting Schedule.

It was moved that the Board adopt the proposed 2005 Board Meeting Schedule through October 2005 and bring back alternative dates for November and December to discuss further after Board members have checked their calendars. This item will be placed on the November 2004 Board meeting agenda. Seconded.

MOTION CARRIED UNANIMOUSLY

7) Annual Summary of Member Benefits – Follow-Up

Mr. Nelsen presented the Board with a sample of an Annual Retirement Statement and a 2003 Summary Annual Financial Report. Mr. Nelsen suggested three options for the Board to consider.

It was moved that the Board pursue providing additional information to the Member Annual Statement. Staff will contact the Department of Retirement Systems and bring back further information to an upcoming Board meeting. Seconded.

MOTION CARRIED UNANIMOUSLY

8) Board Operating Policies

Mr. Nelsen reviewed the Rules of Procedure from the Select Committee on Pension Policy as well as several Washington State Investment Board charters and policies. He led a discussion concerning the roles and responsibilities of the Board. The Board requested that staff provide suggestions for charters for The Board Chair, Vice Chair, and Administrative Committee.

9) Director Performance Evaluation/Salary Setting Authority

Steve Nelsen provided the Board with two Washington State Investment Board policies related to the Executive Director's performance evaluation. The Board requested that the Administrative Committee contact the Department of Personnel to prepare a job description and gain an evaluation tool for further discussion at the November Board meeting.

10) Administrative Update**Select Committee on Pension Policy Update**

Mr. Nelsen updated the Board on issues discussed at the latest Select Committee on Pension Policy (SCPP) meeting including potential legislation as to how salary will be treated for members on military leave and purchase of service credit for members of the Teachers' Retirement System (TRS).

DRS Rulemaking

Mr. Nelsen presented Board members with a copy of the Department of Retirement Systems Proposed Rule Making for LEOFF Plan 2 Duty Disability Benefits. The Board requested that rule making become a regular Administrative Update item in the future.

November Meeting Agenda

Mr. Nelsen reviewed the 2004 Agenda Items Calendar with the Board and communicated that the Department of Retirement Systems will be giving a Defined Benefit Member Access presentation at the November Board meeting.

Next Meeting

The next meeting of the LEOFF Plan 2 Retirement Board is scheduled for November 10, 2004 from 9:30 a.m. – 3:00 p.m. at the Washington State Investment Board located at 2100 Evergreen Park Drive S.W., Olympia, Washington 98502.

There being no further business, the meeting adjourned at 2:16 p.m.